



January 27, 2006

HOUSE BILL No. 1029

DIGEST OF HB 1029 (Updated January 25, 2006 10:04 pm - DI 51)

Citations Affected: IC 5-1; IC 6-3; IC 6-3.1; IC 20-12; noncode.

Synopsis: Education finance and tax credits. Provides that up to \$2,000 in contributions to an Indiana college choice 529 investment plan may be deducted from adjusted gross income. Changes the date for validation of all outstanding bonds issued or lease agreements executed by various governmental entities from March 15, 2000 to March 15, 2006. Adds software and related capital costs for the operation of a building facility to the costs that may be included in a state university's bond issue. Provides that certain installment contracts entered into by state universities are exempt from certain requirements governing bond issues. Increases the cap on the amount of bonds that a state university may have outstanding for qualified energy savings projects from \$10,000,000 to \$20,000,000. Permits the following bonds to be issued without the prior approval of the general assembly: (1) Bonds issued by any state university for equipment, software, and other capital purposes. (2) Bonds issued by Purdue University for deferred repair and rehabilitation expenses. (3) Bonds issued by any state university for certain technology expenditures. (4) Bonds issued for a project when a gift, grant, or reimbursement is available to repay the bond. Permits refunding bonds to be issued without the approval of the state budget committee and the governor. Authorizes Indiana University and Purdue University to issue revenue bonds for facilities if: (1) the facilities are at the West Lafayette, Indianapolis, or Bloomington campuses; (2) the facilities are used for clinical, medical, scientific, engineering, or other similar research purposes; and (3) revenue will be available in an amount at least equal to debt service for the bonds. Gives legislative approval to Indiana State University for bonding for a student recreation center project. Allows certain employers to take a tax credit related to making a health benefit plan available to the employers' employees. Makes related changes.

Effective: Upon passage; March 15, 2006 (retroactive); July 1, 2006; January 1, 2007.

Buell, Klinker, Cherry, McClain

January 4, 2006, read first time and referred to Committee on Ways and Means.
January 26, 2006, amended, reported — Do Pass.

HB 1029—LS 6289/DI 92+



C
o
p
y

January 27, 2006

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

HOUSE BILL No. 1029

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-1-1-1 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE MARCH 15, 2006 (RETROACTIVE)]: Sec. 1. (a) **The**
3 **following definitions apply throughout this section:**

4 (1) "Agreement" means any agreement that includes terms,
5 representations, or provisions relating to:

6 (A) credit enhancement of, or rate covenants supporting,
7 any bonds, notes, evidences of indebtedness, leases, swap
8 agreements, or other written obligations described in
9 subsection (b);

10 (B) any indenture or provision regarding any indenture
11 relating to any bonds, notes, evidences of indebtedness,
12 leases, swap agreements, or other written obligations
13 described in subsection (b);

14 (C) payment of any bonds, notes, evidences of
15 indebtedness, leases, swap agreements, or other written
16 obligations described in subsection (b) in the event of a
17 termination of the agreement; or

HB 1029—LS 6289/DI 92+



C
o
p
y

(D) **public works, capital improvements, or economic development projects.**

(2) "Leasing body" means a not-for-profit corporation, limited purpose corporation, or authority that has leased land and a building or buildings to an entity named in subsection (b) other than another leasing body.

(3) **"Swap agreement" has the meaning set forth in IC 8-9.5-9-4.**

(b) All bonds, notes, evidences of indebtedness, leases, or other written obligations issued **or executed** by or in the name of any:

(1) state agency, county, township, city, incorporated town, school corporation, state educational institution, state supported institution of higher learning, political subdivision, joint agency created under IC 8-1-2.2, leasing body, **separate body corporate and politic**, or any other political, municipal, public or quasi-public corporation; ~~or in the name of any~~

(2) special assessment or taxing district; ~~or in the name of any~~

(3) **board**, commission, authority, or authorized body of any such entity; and

any pledge, dedication or designation of revenues, conveyance, or mortgage securing these bonds, notes, evidences of indebtedness, leases, **swap agreements, agreements**, or other written obligations are hereby legalized and declared valid if these bonds, notes, evidences of indebtedness, leases, **swap agreements, agreements**, or other written obligations have been executed before March 15, ~~2000~~: **2006**. All **governance, organizational, or other** proceedings had and actions taken under which the bonds, notes, evidences of indebtedness, leases, **swap agreements, agreements**, or other written obligations were issued **or executed** or the pledge, dedication or designation of revenues, conveyance, or mortgage was granted, are hereby fully legalized and declared valid.

(c) All contracts for the purchase of electric power and energy or utility capacity or service:

(1) entered into by a joint agency created under IC 8-1-2.2; and

(2) its members used for the purpose of securing payment of principal and interest on bonds, notes, evidences of indebtedness, leases, or other written obligations issued by or in the name of such joint agency;

are hereby legalized and declared valid if entered into before March 15, ~~2000~~: **2006**. All proceedings held and actions taken under which contracts for the purchase of electric power and energy or utility capacity or service were executed or entered into are hereby fully

C
o
p
y



1 legalized and declared valid.

2 (d) All interlocal cooperation agreements entered into by political
3 subdivisions or governmental entities under IC 36-1-7 are hereby
4 legalized and declared valid if entered into before March 15, ~~2000~~
5 **2006**. All proceedings held and actions taken under which interlocal
6 cooperation agreements were executed or entered into are hereby fully
7 legalized and validated.

8 SECTION 2. IC 6-3-1-3.5, AS AMENDED BY P.L.246-2005,
9 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JANUARY 1, 2007]: Sec. 3.5. When used in this article, the term
11 "adjusted gross income" shall mean the following:

12 (a) In the case of all individuals, "adjusted gross income" (as
13 defined in Section 62 of the Internal Revenue Code), modified as
14 follows:

15 (1) Subtract income that is exempt from taxation under this article
16 by the Constitution and statutes of the United States.

17 (2) Add an amount equal to any deduction or deductions allowed
18 or allowable pursuant to Section 62 of the Internal Revenue Code
19 for taxes based on or measured by income and levied at the state
20 level by any state of the United States.

21 (3) Subtract one thousand dollars (\$1,000), or in the case of a
22 joint return filed by a husband and wife, subtract for each spouse
23 one thousand dollars (\$1,000).

24 (4) Subtract one thousand dollars (\$1,000) for:

25 (A) each of the exemptions provided by Section 151(c) of the
26 Internal Revenue Code;

27 (B) each additional amount allowable under Section 63(f) of
28 the Internal Revenue Code; and

29 (C) the spouse of the taxpayer if a separate return is made by
30 the taxpayer and if the spouse, for the calendar year in which
31 the taxable year of the taxpayer begins, has no gross income
32 and is not the dependent of another taxpayer.

33 (5) Subtract:

34 (A) one thousand five hundred dollars (\$1,500) for each of the
35 exemptions allowed under Section 151(c)(1)(B) of the Internal
36 Revenue Code for taxable years beginning after December 31,
37 1996; and

38 (B) five hundred dollars (\$500) for each additional amount
39 allowable under Section 63(f)(1) of the Internal Revenue Code
40 if the adjusted gross income of the taxpayer, or the taxpayer
41 and the taxpayer's spouse in the case of a joint return, is less
42 than forty thousand dollars (\$40,000).

C
o
p
y



This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,

C
o
p
y



1 subtract an amount equal to that portion of the individual's
 2 adjusted gross income with respect to which the individual is not
 3 allowed under federal law to retain an amount to pay state and
 4 local income taxes.

5 (15) In the case of an eligible individual, subtract the amount of
 6 a Holocaust victim's settlement payment included in the
 7 individual's federal adjusted gross income.

8 (16) For taxable years beginning after December 31, 1999,
 9 subtract an amount equal to the portion of any premiums paid
 10 during the taxable year by the taxpayer for a qualified long term
 11 care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the
 12 taxpayer's spouse, or both.

13 (17) Subtract an amount equal to the lesser of:

14 (A) for a taxable year:

15 (i) including any part of 2004, the amount determined under
 16 subsection (f); and

17 (ii) beginning after December 31, 2004, two thousand five
 18 hundred dollars (\$2,500); or

19 (B) the amount of property taxes that are paid during the
 20 taxable year in Indiana by the individual on the individual's
 21 principal place of residence.

22 (18) Subtract an amount equal to the amount of a September 11
 23 terrorist attack settlement payment included in the individual's
 24 federal adjusted gross income.

25 (19) Add or subtract the amount necessary to make the adjusted
 26 gross income of any taxpayer that owns property for which bonus
 27 depreciation was allowed in the current taxable year or in an
 28 earlier taxable year equal to the amount of adjusted gross income
 29 that would have been computed had an election not been made
 30 under Section 168(k) of the Internal Revenue Code to apply bonus
 31 depreciation to the property in the year that it was placed in
 32 service.

33 (20) Add an amount equal to any deduction allowed under
 34 Section 172 of the Internal Revenue Code.

35 (21) Add or subtract the amount necessary to make the adjusted
 36 gross income of any taxpayer that placed Section 179 property (as
 37 defined in Section 179 of the Internal Revenue Code) in service
 38 in the current taxable year or in an earlier taxable year equal to
 39 the amount of adjusted gross income that would have been
 40 computed had an election for federal income tax purposes not
 41 been made for the year in which the property was placed in
 42 service to take deductions under Section 179 of the Internal

C
o
p
y



Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(22) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(23) In the case of an individual who is employed by a taxpayer that claims a credit under IC 6-3.1-31-9, add the amount of the individual's eligible benefits as provided in IC 6-3.1-31-15(a).

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in

C
o
p
y



1 service to take deductions under Section 179 of the Internal
 2 Revenue Code in a total amount exceeding twenty-five thousand
 3 dollars (\$25,000).

4 (8) Add an amount equal to the amount that a taxpayer claimed as
 5 a deduction for domestic production activities for the taxable year
 6 under Section 199 of the Internal Revenue Code for federal
 7 income tax purposes.

8 (c) In the case of life insurance companies (as defined in Section
 9 816(a) of the Internal Revenue Code) that are organized under Indiana
 10 law, the same as "life insurance company taxable income" (as defined
 11 in Section 801 of the Internal Revenue Code), adjusted as follows:

12 (1) Subtract income that is exempt from taxation under this article
 13 by the Constitution and statutes of the United States.

14 (2) Add an amount equal to any deduction allowed or allowable
 15 under Section 170 of the Internal Revenue Code.

16 (3) Add an amount equal to a deduction allowed or allowable
 17 under Section 805 or Section 831(c) of the Internal Revenue Code
 18 for taxes based on or measured by income and levied at the state
 19 level by any state.

20 (4) Subtract an amount equal to the amount included in the
 21 company's taxable income under Section 78 of the Internal
 22 Revenue Code.

23 (5) Add or subtract the amount necessary to make the adjusted
 24 gross income of any taxpayer that owns property for which bonus
 25 depreciation was allowed in the current taxable year or in an
 26 earlier taxable year equal to the amount of adjusted gross income
 27 that would have been computed had an election not been made
 28 under Section 168(k) of the Internal Revenue Code to apply bonus
 29 depreciation to the property in the year that it was placed in
 30 service.

31 (6) Add an amount equal to any deduction allowed under Section
 32 172 or Section 810 of the Internal Revenue Code.

33 (7) Add or subtract the amount necessary to make the adjusted
 34 gross income of any taxpayer that placed Section 179 property (as
 35 defined in Section 179 of the Internal Revenue Code) in service
 36 in the current taxable year or in an earlier taxable year equal to
 37 the amount of adjusted gross income that would have been
 38 computed had an election for federal income tax purposes not
 39 been made for the year in which the property was placed in
 40 service to take deductions under Section 179 of the Internal
 41 Revenue Code in a total amount exceeding twenty-five thousand
 42 dollars (\$25,000).

C
o
p
y



(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal

**C
o
p
y**



income tax purposes.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for

C
o
p
y



property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP FOUR amount and two thousand five hundred dollars (\$2,500).

SECTION 3. IC 6-3-2-20 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007]: **Sec. 20. (a) Each taxable year, an individual who makes a contribution to a college choice 529 investment plan established under IC 21-9 for the benefit of a dependent of the individual may deduct from the individual's adjusted gross income (as defined in IC 6-3-1-3.5(a)) the lesser of:**

(1) the amount of the contribution made by the individual during the taxable year; or

(2) two thousand dollars (\$2,000).

(b) Notwithstanding subsection (a), a husband and wife filing a joint adjusted gross income tax return for a particular taxable year may not claim a deduction under this section of more than two thousand dollars (\$2,000).

SECTION 4. IC 6-3-1-31 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007]:

Chapter 31. Credit for Offering Health Benefit Plans

Sec. 1. This chapter applies to an employer that:

(1) employs at least ten (10) full-time employees who are located in Indiana; and

(2) does not offer coverage for health care services under a self-funded health benefit plan that complies with the federal Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).

Sec. 2. As used in this chapter, "eligible benefits" means, with respect to an employee of a taxpayer that claims a credit under section 9 of this chapter, the total amount of health insurance premiums not included in the employee's federal adjusted gross income (as defined in Section 62 of the Internal Revenue Code) during a taxable year under the health benefit plan offered by the

**C
o
p
y**



employer.

Sec. 3. As used in this chapter, "eligible taxpayer" means a taxpayer that did not provide health insurance to the taxpayer's employees in the taxable year immediately preceding the first taxable year for which the taxpayer claims a credit under this chapter.

Sec. 4. As used in this chapter, "full-time employee" means an employee who is normally scheduled to work at least thirty (30) hours each week.

Sec. 5. (a) As used in this chapter, "health benefit plan" means coverage for health care services provided under:

(1) an insurance policy that provides one (1) or more of the types of insurance described in Class 1(b) or Class 2(a) of IC 27-1-5-1; or

(2) a contract with a health maintenance organization for coverage of basic health care services under IC 27-13;

that satisfies the requirements of Section 125 of the Internal Revenue Code.

(b) The term does not include the following:

(1) Accident only, credit, dental, vision, Medicare supplement, long term care, or disability income insurance.

(2) Coverage issued as a supplement to liability insurance.

(3) Automobile medical payment insurance.

(4) A specified disease policy issued as an individual policy.

(5) A limited benefit health insurance policy issued as an individual policy.

(6) A short term insurance plan that:

(A) may not be renewed; and

(B) has a duration of not more than six (6) months.

(7) A policy that provides a stipulated daily, weekly, or monthly payment to an insured during hospital confinement, without regard to the actual expense of the confinement.

(8) Worker's compensation or similar insurance.

(9) A student health insurance policy.

Sec. 6. As used in this chapter, "pass through entity" means a:

(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) partnership;

(3) limited liability company; or

(4) limited liability partnership.

Sec. 7. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

C
o
p
y



1 (1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
 2 (2) IC 6-5.5 (financial institutions tax); and
 3 (3) IC 27-1-18-2 (insurance premiums tax);
 4 as computed after the application of the credits that under
 5 IC 6-3.1-1-2 are to be applied before the credit provided by this
 6 chapter.

7 Sec. 8. As used in this chapter, "taxpayer" means an individual
 8 or entity that:

- 9 (1) has state tax liability; and
 10 (2) employs at least ten (10) full-time employees who are
 11 located in Indiana.

12 Sec. 9. (a) An eligible taxpayer that, after December 31, 2006,
 13 makes health insurance available to the eligible taxpayer's
 14 employees and their dependents through at least one (1) health
 15 benefit plan is entitled to a credit against the taxpayer's state tax
 16 liability for the first two (2) taxable years in which the taxpayer
 17 makes the health benefit plan available if the following
 18 requirements are met:

- 19 (1) An employee's participation in the health benefit plan is at
 20 the employee's election.
 21 (2) If an employee chooses to participate in the health benefit
 22 plan, the employee may pay the employee's share of the cost
 23 of the plan using a wage assignment authorized under
 24 IC 22-2-6-2.
 25 (b) The credit allowed under this chapter equals the lesser of:
 26 (1) two thousand five hundred dollars (\$2,500); or
 27 (2) fifty dollars (\$50) multiplied by the number of employees
 28 enrolled in the health benefit plan during the taxable year.

29 Sec. 10. (a) An employer may pay or provide reimbursement for
 30 all or part of the cost of a health benefit plan made available under
 31 section 9 of this chapter.

32 (b) An employer that pays or provides reimbursement under
 33 subsection (a) shall pay or provide reimbursement on an equal
 34 basis for all full-time employees who elect to participate in the
 35 health benefit plan.

36 Sec. 11. (a) If the amount determined under section 9 of this
 37 chapter for a taxpayer in a taxable year exceeds the taxpayer's
 38 state tax liability for that taxable year, the taxpayer may carry the
 39 excess over to the following taxable years. The amount of the credit
 40 carryover from a taxable year shall be reduced to the extent that
 41 the carryover is used by the taxpayer to obtain a credit under this
 42 chapter for any subsequent taxable year. A taxpayer is not entitled

C
 o
 p
 y



1 to a carryback.

2 (b) A taxpayer is not entitled to a refund of any unused credit.

3 Sec. 12. If a pass through entity does not have state income tax
4 liability against which the tax credit may be applied, a shareholder
5 or partner of the pass through entity is entitled to a tax credit equal
6 to:

7 (1) the tax credit determined for the pass through entity for
8 the taxable year; multiplied by

9 (2) the percentage of the pass through entity's distributive
10 income to which the shareholder or partner is entitled.

11 Sec. 13. To receive the credit provided by this chapter, a
12 taxpayer must claim the credit on the taxpayer's state tax return
13 or returns in the manner prescribed by the department. The
14 taxpayer must submit to the department all information that the
15 department determines is necessary to calculate the credit
16 provided by this chapter and to determine the taxpayer's eligibility
17 for the credit.

18 Sec. 14. (a) A taxpayer claiming a credit under this chapter shall
19 continue to make health insurance available to the taxpayer's
20 employees through a health benefit plan for at least twenty-four
21 (24) consecutive months beginning on the day after the last day of
22 the taxable year in which the taxpayer first offers the health benefit
23 plan.

24 (b) If the taxpayer terminates the health benefit plan before the
25 expiration of the period required under subsection (a), the
26 taxpayer shall repay the department the amount of the credit
27 received under section 9 of this chapter.

28 Sec. 15. (a) An employee of a taxpayer that claims a credit under
29 this chapter shall include in the employee's state adjusted gross
30 income (as defined in IC 6-3-1-3.5(a)) the employee's eligible
31 benefits for:

32 (1) the first taxable year in which the taxpayer offers the
33 health benefit plan; and

34 (2) the taxable year immediately following the first taxable
35 year in which the taxpayer offers the health benefit plan.

36 An employee's eligible benefits are not included in the employee's
37 state adjusted gross income (as defined in IC 6-3-1-3.5(a)) for the
38 taxable years following the taxable year described in subdivision
39 (2).

40 (b) A taxpayer that claims a credit under this chapter shall
41 notify each of the taxpayer's employees of the amount included in
42 the employee's state adjusted gross income (as defined in

**C
o
p
y**



IC 6-3-1-3.5(a)) under subsection (a) at the same time the taxpayer provides the employee with the employee's W-2 federal income tax withholding statement for the taxable year.

SECTION 5. IC 20-12-6-1.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.2. (a) In addition to the powers set forth in section 1 of this chapter, the corporations may:

(1) acquire, erect, construct, reconstruct, improve, rehabilitate, remodel, repair, complete, extend, enlarge, furnish, and operate any equipment that the governing boards of the corporations consider necessary for:

(A) carrying on the educational research or public service programs or discharging the statutory responsibilities of the educational institutions and their various divisions; or

(B) the management, operation, or servicing of the institutions; and

(2) establish liability or other loss insurance reserves or contribute those reserves or other capital to a risk retention group for the purpose of providing insurance coverage against liability claims.

(b) As used in this chapter:

(1) "building facility" includes:

(A) capital equipment;

(B) software; and

(C) other costs;

that directly relate to operating the building facility, as determined under accounting principles approved by the state board of accounts.

(2) "liability or other loss insurance reserves" means a fund set aside as a reserve to cover risk retained by the corporation in connection with liability claims or other losses;

(3) "risk retention group" means a trust, pool, corporation, partnership, or joint venture funded by and owned and operated for the benefit of more than one (1) eligible member;

(4) "eligible members" includes the corporations and all private institutions of higher education (as defined in IC 20-12-63-3); and

(5) "liability" means legal liability for damages (including costs of defense, legal costs and fees, and other claims expenses) because of injuries to other persons or entities, damage to their property or business, or other damage or loss to those persons or entities resulting from or arising out of any activity of any eligible member.

SECTION 6. IC 20-12-6-7 IS AMENDED TO READ AS

C
o
p
y



1 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) Subject to
 2 ~~section~~ **sections 16 and 17** of this chapter, bonds may be issued in an
 3 amount or amounts that do not exceed the maximum amount
 4 determined by the governing board of the issuing corporation.

5 (b) The bonds may be issued in the form and upon the terms and
 6 conditions, at the rate or rates of interest, and in the denominations
 7 which may be made convertible into different denominations as the
 8 governing board of the corporation may determine by the adoption of
 9 a resolution or approval of a form of trust indenture between the
 10 corporation and a designated corporate trustee, or both.

11 (c) The resolution or the indenture may include provisions for:

12 (1) protecting and enforcing the rights and remedies of the holders
 13 of the bonds being issued;

14 (2) covenants setting forth the duties of the corporation and its
 15 officers in relation to the acquisition, construction, operation,
 16 maintenance, use, and abandonment of the building facility, and
 17 insurance thereof;

18 (3) the custody, safeguarding, application, and investment of all
 19 money;

20 (4) the rights and remedies of the trustee and the holders of the
 21 bonds being issued;

22 (5) the issuance of additional bonds as provided in the resolution
 23 or indenture; and

24 (6) other terms, conditions, and covenants as the governing board
 25 of the corporation determines are proper, including provision for
 26 the establishment of a debt service reserve by:

27 (A) the use of bond proceeds or other sources;

28 (B) the furnishing of an insurance policy, surety bond, or letter
 29 of credit; or

30 (C) any combination of clause (A) or (B).

31 (d) The bonds shall be sold at public or negotiated sale as provided
 32 by IC 4-1-5.

33 (e) All bonds and the interest coupons appertaining to the bonds
 34 issued under this chapter shall be negotiable instruments within the
 35 meaning and for all purposes under the laws of this state, subject only
 36 to the provisions of the bonds for registration as to principal or as to
 37 principal and interest. Any bonds registered as to principal and interest
 38 may be made convertible to bearer bonds with coupons.

39 (f) No action to contest the validity of any bonds issued under this
 40 chapter shall be brought after the fifteenth day following:

41 (1) the first publication of notice of the sale or intent to sell the
 42 bonds under IC 4-1-5, if the bonds are sold at public sale; or

C
o
p
y



(2) the publication one (1) time in newspapers described in IC 4-1-5-1 of notice of execution and delivery of the contract of sale for the bonds, if the bonds are sold at negotiated sale.

(g) The corporation shall publish notice under subsection (f)(2) if it sells bonds at negotiated sale within thirty (30) days of execution of the contract of sale for the bonds.

(h) The rate or rates of interest of the bonds may be fixed or variable. Variable rates shall be determined in the manner and in accordance with the procedures set forth in the resolution or indenture authorizing the issuance of the bonds. Bonds bearing a variable rate of interest may be converted to bonds bearing a fixed rate or rates of interest to the extent and in the manner set forth in the resolution or indenture pursuant to which the bonds are issued. The interest may be payable semiannually, annually, or at any other interval or intervals as may be provided in the resolution or indenture, or the interest may be compounded and paid at maturity or at any other times as specified in the resolution or indenture.

(i) The bonds may be made subject, at the option of the holders, to mandatory redemption by the corporation at the times and under the circumstances set forth in the authorizing resolution or indenture.

(j) A resolution or the indenture may contain provisions regarding the investment of money, sale, exchange, or disposal of property and the manner of authorizing and making payments, notwithstanding IC 5-13 or any general statute relating to these matters.

SECTION 7. IC 20-12-6-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. The term "bond" or "bonds" as used in this chapter means any bonds (including refunding bonds), notes, temporary, interim, or permanent certificates of indebtedness, debentures, or other obligations evidencing indebtedness for borrowed money. **The term does not include installment contracts or similar instruments under section 2 of this chapter.**

SECTION 8. IC 20-12-6-16, AS AMENDED BY P.L.235-2005, SECTION 195, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 16. (a) No bonds shall be issued by the corporations under the provisions of this chapter without the specific approval of:

(1) the budget agency if the bonds are issued for the refunding or advance refunding of any outstanding bonds approved as required by this chapter and the corporation makes the findings described in subsection (b); and

(2) the state budget committee, budget agency, and the governor

C
o
p
y



of the state of Indiana, **if subdivision (1) does not apply.**

The budget agency may request and consider the recommendation of the staff of the Indiana finance authority with respect to the approval of a bond issue under this section.

(b) A corporation may provide for refunding or advance refunding of any outstanding bonds under subsection (a)(1) whenever the board of trustees of the corporation finds that the refunding or advance refunding will effect a benefit to the corporation because:

(1) a net savings to the corporation will be effected; or

(2) the net present value of principal and interest payments on the bonds is less than the net present value of the principal and interest payments on the outstanding bonds to be refunded.

SECTION 9. IC 20-12-6-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Except for notes issued under section 8.5 of this chapter and except as provided in subsections ~~(d)~~ and (e) **through (i)**, no bonds shall be issued for a project by the corporations under this chapter unless the general assembly:

(1) has specifically approved the project to be financed through the issuance and sale of these bonds; and

(2) has provided the amount of bonds which may be issued to fund the costs of acquiring, constructing, remodeling, renovating, furnishing, or equipping the specific project approved.

(b) In addition to and in connection with the amount of bonds that may be issued by a corporation for a specific project as provided in subsection (a)(2), the corporations may also issue bonds in amounts necessary to provide funds for debt service reserves, bond or reserve insurance, and other costs without additional approval by the general assembly, if these costs are incidental to the issuance of bonds for the project.

(c) The bonds, regardless of when the amount of bonds was approved by the general assembly, may be issued in an amount not exceeding:

(1) the amount of bonds approved by the general assembly together with the amounts described in subsection (b); plus

(2) the amount of the discount below par value, if bonds are sold at a price below par value under IC 4-1-5-1.

(d) As used in this subsection, "fee replacement" means payments to a corporation to be used to pay indebtedness resulting from financing the cost of planning, purchasing, rehabilitation,

C
o
p
y



1 construction, repair, leasing, lease-purchasing, or otherwise
 2 acquiring land, buildings, facilities, and equipment to be used for
 3 academic and instructional purposes. A power granted under this
 4 section to issue bonds without the specific approval of the general
 5 assembly shall not be construed to permit the issuance of the bonds
 6 without the specific approvals required under section 16 of this
 7 chapter. Bonds issued without the specific approval of the general
 8 assembly are eligible for fee replacement only to the extent
 9 expressly authorized by a law enacted after the issuance of the
 10 bonds.

11 ~~(d)~~ (e) Bonds may be issued by a corporation for equipment,
 12 software, and other costs described in section 1.2(b)(1) of this
 13 chapter without the approval of the general assembly if, after the
 14 issuance, the total amount of outstanding bonds issued by the
 15 corporation for those purposes without approval will not exceed one
 16 ten million dollars (\$1,000,000). However, the bonds must be approved
 17 as provided in section 16 of this chapter. (\$10,000,000).

18 ~~(e)~~ (f) Bonds may be issued by a corporation without the approval
 19 of the general assembly to finance a qualified energy savings project
 20 (as defined in IC 20-12-5.5) if ~~(+)~~ annual operating savings to a the
 21 corporation arising from the implementation of a qualified energy
 22 savings project are reasonably expected to be at least equal to annual
 23 debt service requirements on bonds issued for this purpose in each
 24 fiscal year. and ~~(2)~~ However, the amount of bonds that may be issued
 25 by each outstanding for the corporation at any time for qualified
 26 energy savings projects, other than refunding bonds and exclusive of
 27 costs described in subsections (b) and (c), does may not exceed ten
 28 twenty million dollars ~~(\$10,000,000)~~. (\$20,000,000).

29 (g) Bonds may be issued by the trustees of Purdue University
 30 without the approval of the general assembly for deferred
 31 expenditures, as determined under accounting principles approved
 32 by the state board of accounts, to:

- 33 (1) repair, rehabilitate, remodel, renovate, or reconstruct
- 34 existing facilities or buildings;
- 35 (2) improve or replace utilities or fixed equipment; or
- 36 (3) perform related site improvement work.

37 However, the total amount of bonds issued for the corporation
 38 under this subsection without the approval of the general assembly,
 39 other than refunding bonds and exclusive of costs described in
 40 subsections (b) and (c), may not exceed sixty million dollars
 41 (\$60,000,000).

42 (h) Bonds may be issued by a corporation without the approval

C
o
p
y



of the general assembly for technology expenditures, including:

- (1) computing, telecommunications, hardware, software, networking, and supporting equipment; and
- (2) related expenditures such as installation and other similar capitalizable costs.

(i) Bonds may be issued by a corporation without the approval of the general assembly to finance the purchase or lease-purchase of land or the construction of facilities or buildings if all of the following apply:

- (1) The corporation has received written contractual and legally binding commitments for gifts, grants, or reimbursements that in total are sufficient to repay the bonds.
- (2) Other available funds of the corporation are sufficient to make interest payments in the bonds until the gifts, grants, or reimbursements mature and the bonds are repaid.
- (3) The gifts, grants, or reimbursements are payable under the terms of the agreements on specific dates and are not contingent on the donor's life expectancy.
- (4) The gifts, grants, or reimbursements must be payable to the corporation in the form of cash or cash equivalents.
- (5) The gifts, grants, or reimbursements are not subject to any condition that would prevent the corporation from using the gifts, grants, or reimbursements to repay bonds issued under this subsection or to repay the corporation for any interest payments made by the corporation.

SECTION 10. IC 20-12-7-7, AS AMENDED BY P.L.235-2005, SECTION 196, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) No bonds shall be issued by the respective trustees under the provisions of this chapter without the specific approval of:

- (1) the budget agency if the bonds are issued for the refunding or advance refunding of any outstanding bonds approved as required by this chapter and the institution makes the findings described in subsection (b); and
- (2) the budget committee, budget agency, and the governor, if subdivision (1) does not apply.

The budget agency may request and consider the recommendation of the staff of the Indiana finance authority with respect to the approval of a bond issue under this section.

(b) An institution may provide for refunding or advance refunding of any outstanding bonds under subsection (a)(1) whenever the board of trustees of the institution finds that the

C
o
p
y



1 refunding or advance refunding will effect a benefit to the
2 institution because:

- 3 (1) a net savings to the institution will be effected; or
4 (2) the net present value of principal and interest payments on
5 the bonds is less than the net present value of the principal
6 and interest payments on the outstanding bonds to be
7 refunded.

8 SECTION 11. IC 20-12-8-1 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The trustees
10 of Indiana University, the trustees of Purdue University, Indiana State
11 University board of trustees, the University of Southern Indiana board
12 of trustees, and the Ball State University board of trustees are
13 authorized and empowered, from time to time, if the governing boards
14 of these corporations find that a necessity exists, to erect, construct,
15 reconstruct, extend, remodel, improve, complete, equip, furnish,
16 operate, control, and manage:

- 17 (1) dormitories and other housing facilities for single and married
18 students and school personnel;
19 (2) food service facilities;
20 (3) student infirmaries and other health service facilities including
21 revenue-producing hospital facilities serving the general public,
22 together with parking facilities and other appurtenances in
23 connection with any of the foregoing; **or**
24 (4) parking facilities in connection with academic facilities; **or**
25 (5) medical research, facilities associated with a school of
26 medicine, if the facilities will generate revenue from state,
27 federal, local, or private gifts, grants, contractual payments, or
28 reimbursements in an amount that is reasonably expected to at
29 least equal the annual debt service requirements of the bonds for
30 the facility for each fiscal year that the bonds are outstanding;

31 at or in connection with Indiana University, Purdue University, Indiana
32 State University, the University of Southern Indiana, and Ball State
33 University, for the purposes of the respective institutions. ~~These~~

34 **(b) The trustees of Indiana University and the trustees of**
35 **Purdue University may, from time to time, if the governing boards**
36 **of these corporations find that a necessity exists, erect, construct,**
37 **reconstruct, extend, remodel, improve, complete, equip, furnish,**
38 **operate, control, and manage facilities used for clinical, medical,**
39 **scientific, engineering, or other similar qualitative, quantitative, or**
40 **experimental research, if revenue from state, federal, local, or**
41 **private gifts, grants, contractual payments, or reimbursements is**
42 **available in an amount that is reasonably expected to at least equal**

C
o
p
y



the annual debt service requirements of the bonds for the facility for each fiscal year that the bonds are outstanding at or in connection with any of the following campuses of Indiana University or Purdue University:

(1) Purdue University-West Lafayette Campus.

(2) Indiana University-Purdue University at Indianapolis (IUPUI).

(3) Indiana University-Bloomington Campus.

(c) The corporations described in subsection (a) or (b) are also authorized and empowered to acquire, by purchase, lease, condemnation, gift or otherwise, any property, real or personal, that in the judgment of these corporations is necessary for the purposes set forth in this section. The corporations may improve and use any property acquired for the purposes set forth in this section.

~~(b)~~ (d) Title to all property so acquired, including the improvements located on the property, shall be taken and held by and in the name of the corporations. If the governing board of any of these corporations determines that real estate, the title to which is in the name of the state, for the use and benefit of the corporation or institution under its control, is reasonably required for any of the purposes set forth in this section, the real estate may, upon request in writing of the governing board of the corporation to the governor of the state and upon the approval of the governor, be conveyed by deed from the state to the corporation. The governor shall be authorized to execute and deliver the deed in the name of the state, signed on behalf of the state by the governor, attested by the auditor of state and with the seal of the state affixed to the deed.

SECTION 12. IC 20-12-8-7, AS AMENDED BY P.L.235-2005, SECTION 197, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) No bonds shall be issued by the corporations under the provisions of this chapter without the specific approval of:

(1) the budget agency if the bonds are issued for the refunding or advance refunding of any outstanding bonds approved as required by this chapter and the corporation makes the findings described in subsection (b); and

(2) the budget committee, budget agency, and the governor, if subdivision (1) does not apply.

The budget agency may request and consider the recommendation of the staff of the Indiana finance authority with respect to the approval of a bond issue under this section.

(b) A corporation may provide for refunding or advance

C
o
p
y



1 refunding of any outstanding bonds under subsection (a)(1)
2 whenever the board of trustees of the corporation finds that the
3 refunding or advance refunding will effect a benefit to the
4 corporation because:

- 5 (1) a net savings to the corporation will be effected; or
6 (2) the net present value of principal and interest payments on
7 the bonds is less than the net present value of the principal
8 and interest payments on the outstanding bonds to be
9 refunded.

10 SECTION 13. [EFFECTIVE JANUARY 1, 2007] IC 6-3-2-20, as
11 added by this act, applies to taxable years beginning after
12 December 31, 2006.

13 SECTION 14. [EFFECTIVE JANUARY 1, 2007] (a) IC 6-3-1-3.5,
14 as amended by this act, applies only to taxable years beginning
15 after December 31, 2006.

16 (b) IC 6-3.1-31, as added by this act, applies only to taxable
17 years beginning after December 31, 2006.

18 SECTION 15. [EFFECTIVE JULY 1, 2006] The trustees of
19 Indiana State University may issue and sell bonds under
20 IC 20-12-6, subject to the approvals required by IC 20-12-5.5, for
21 the purpose of constructing, furnishing, and equipping the Student
22 Recreation Center Project, if the sum of principal costs of any
23 bond issued, excluding amounts necessary to provide money for
24 debt service reserves, credit enhancement, or other costs incidental
25 to the issuance of the bonds, does not exceed twenty-four million
26 dollars (\$24,000,000). The project is not eligible for fee
27 replacement.

28 SECTION 16. An emergency is declared for this act.

C
o
p
y



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1029, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-1-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 15, 2006 (RETROACTIVE)]: Sec. 1. (a) **The following definitions apply throughout this section:**

(1) **"Agreement" means any agreement that includes terms, representations, or provisions relating to:**

(A) **credit enhancement of, or rate covenants supporting, any bonds, notes, evidences of indebtedness, leases, swap agreements, or other written obligations described in subsection (b);**

(B) **any indenture or provision regarding any indenture relating to any bonds, notes, evidences of indebtedness, leases, swap agreements, or other written obligations described in subsection (b);**

(C) **payment of any bonds, notes, evidences of indebtedness, leases, swap agreements, or other written obligations described in subsection (b) in the event of a termination of the agreement; or**

(D) **public works, capital improvements, or economic development projects.**

(2) **"Leasing body" means a not-for-profit corporation, limited purpose corporation, or authority that has leased land and a building or buildings to an entity named in subsection (b) other than another leasing body.**

(3) **"Swap agreement" has the meaning set forth in IC 8-9.5-9-4.**

(b) All bonds, notes, evidences of indebtedness, leases, or other written obligations issued **or executed** by or in the name of any:

(1) **state agency, county, township, city, incorporated town, school corporation, state educational institution, state supported institution of higher learning, political subdivision, joint agency created under IC 8-1-2.2, leasing body, separate body corporate and politic, or any other political, municipal, public or**

C
o
p
y



quasi-public corporation; ~~or in the name of any~~
 (2) special assessment or taxing district; ~~or in the name of any~~
 (3) **board**, commission, authority, or authorized body of any such
 entity; and

any pledge, dedication or designation of revenues, conveyance, or mortgage securing these bonds, notes, evidences of indebtedness, leases, **swap agreements, agreements**, or other written obligations are hereby legalized and declared valid if these bonds, notes, evidences of indebtedness, leases, **swap agreements, agreements**, or other written obligations have been executed before March 15, ~~2000~~: **2006**. All **governance, organizational, or other** proceedings had and actions taken under which the bonds, notes, evidences of indebtedness, leases, **swap agreements, agreements**, or other written obligations were issued **or executed** or the pledge, dedication or designation of revenues, conveyance, or mortgage was granted, are hereby fully legalized and declared valid.

(c) All contracts for the purchase of electric power and energy or utility capacity or service:

- (1) entered into by a joint agency created under IC 8-1-2.2; and
- (2) its members used for the purpose of securing payment of principal and interest on bonds, notes, evidences of indebtedness, leases, or other written obligations issued by or in the name of such joint agency;

are hereby legalized and declared valid if entered into before March 15, ~~2000~~: **2006**. All proceedings held and actions taken under which contracts for the purchase of electric power and energy or utility capacity or service were executed or entered into are hereby fully legalized and declared valid.

(d) All interlocal cooperation agreements entered into by political subdivisions or governmental entities under IC 36-1-7 are hereby legalized and declared valid if entered into before March 15, ~~2000~~: **2006**. All proceedings held and actions taken under which interlocal cooperation agreements were executed or entered into are hereby fully legalized and validated.

SECTION 2. IC 6-3-1-3.5, AS AMENDED BY P.L.246-2005, SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

- (1) Subtract income that is exempt from taxation under this article

C
o
p
y



by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

**C
o
p
y**



(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under

C
o
p
y



subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(20) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(21) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(22) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(23) In the case of an individual who is employed by a taxpayer that claims a credit under IC 6-3.1-31-9, add the amount of the individual's eligible benefits as provided in IC 6-3.1-31-15(a).

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

C
o
p
y



(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

**C
o
p
y**



(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state

C
o
p
y



level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income

C
o
p
y



that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP FOUR amount and two thousand five hundred dollars (\$2,500).".

Page 1, between lines 14 and 15, begin a new paragraph and insert:
"SECTION 4. IC 6-3.1-31 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007]:



**C
O
P
Y**

Chapter 31. Credit for Offering Health Benefit Plans

Sec. 1. This chapter applies to an employer that:

- (1) employs at least ten (10) full-time employees who are located in Indiana; and**
- (2) does not offer coverage for health care services under a self-funded health benefit plan that complies with the federal Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).**

Sec. 2. As used in this chapter, "eligible benefits" means, with respect to an employee of a taxpayer that claims a credit under section 9 of this chapter, the total amount of health insurance premiums not included in the employee's federal adjusted gross income (as defined in Section 62 of the Internal Revenue Code) during a taxable year under the health benefit plan offered by the employer.

Sec. 3. As used in this chapter, "eligible taxpayer" means a taxpayer that did not provide health insurance to the taxpayer's employees in the taxable year immediately preceding the first taxable year for which the taxpayer claims a credit under this chapter.

Sec. 4. As used in this chapter, "full-time employee" means an employee who is normally scheduled to work at least thirty (30) hours each week.

Sec. 5. (a) As used in this chapter, "health benefit plan" means coverage for health care services provided under:

- (1) an insurance policy that provides one (1) or more of the types of insurance described in Class 1(b) or Class 2(a) of IC 27-1-5-1; or**
- (2) a contract with a health maintenance organization for coverage of basic health care services under IC 27-13;**

that satisfies the requirements of Section 125 of the Internal Revenue Code.

(b) The term does not include the following:

- (1) Accident only, credit, dental, vision, Medicare supplement, long term care, or disability income insurance.**
- (2) Coverage issued as a supplement to liability insurance.**
- (3) Automobile medical payment insurance.**
- (4) A specified disease policy issued as an individual policy.**
- (5) A limited benefit health insurance policy issued as an individual policy.**
- (6) A short term insurance plan that:**
 - (A) may not be renewed; and**

**C
O
P
Y**



(B) has a duration of not more than six (6) months.

(7) A policy that provides a stipulated daily, weekly, or monthly payment to an insured during hospital confinement, without regard to the actual expense of the confinement.

(8) Worker's compensation or similar insurance.

(9) A student health insurance policy.

Sec. 6. As used in this chapter, "pass through entity" means a:

(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) partnership;

(3) limited liability company; or

(4) limited liability partnership.

Sec. 7. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

(2) IC 6-5.5 (financial institutions tax); and

(3) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 8. As used in this chapter, "taxpayer" means an individual or entity that:

(1) has state tax liability; and

(2) employs at least ten (10) full-time employees who are located in Indiana.

Sec. 9. (a) An eligible taxpayer that, after December 31, 2006, makes health insurance available to the eligible taxpayer's employees and their dependents through at least one (1) health benefit plan is entitled to a credit against the taxpayer's state tax liability for the first two (2) taxable years in which the taxpayer makes the health benefit plan available if the following requirements are met:

(1) An employee's participation in the health benefit plan is at the employee's election.

(2) If an employee chooses to participate in the health benefit plan, the employee may pay the employee's share of the cost of the plan using a wage assignment authorized under IC 22-2-6-2.

(b) The credit allowed under this chapter equals the lesser of:

(1) two thousand five hundred dollars (\$2,500); or

(2) fifty dollars (\$50) multiplied by the number of employees enrolled in the health benefit plan during the taxable year.

**C
O
P
Y**



Sec. 10. (a) An employer may pay or provide reimbursement for all or part of the cost of a health benefit plan made available under section 9 of this chapter.

(b) An employer that pays or provides reimbursement under subsection (a) shall pay or provide reimbursement on an equal basis for all full-time employees who elect to participate in the health benefit plan.

Sec. 11. (a) If the amount determined under section 9 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

(b) A taxpayer is not entitled to a refund of any unused credit.

Sec. 12. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 13. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer must submit to the department all information that the department determines is necessary to calculate the credit provided by this chapter and to determine the taxpayer's eligibility for the credit.

Sec. 14. (a) A taxpayer claiming a credit under this chapter shall continue to make health insurance available to the taxpayer's employees through a health benefit plan for at least twenty-four (24) consecutive months beginning on the day after the last day of the taxable year in which the taxpayer first offers the health benefit plan.

(b) If the taxpayer terminates the health benefit plan before the expiration of the period required under subsection (a), the taxpayer shall repay the department the amount of the credit received under section 9 of this chapter.

Sec. 15. (a) An employee of a taxpayer that claims a credit under

**C
O
P
Y**



this chapter shall include in the employee's state adjusted gross income (as defined in IC 6-3-1-3.5(a)) the employee's eligible benefits for:

- (1) the first taxable year in which the taxpayer offers the health benefit plan; and
- (2) the taxable year immediately following the first taxable year in which the taxpayer offers the health benefit plan.

An employee's eligible benefits are not included in the employee's state adjusted gross income (as defined in IC 6-3-1-3.5(a)) for the taxable years following the taxable year described in subdivision (2).

(b) A taxpayer that claims a credit under this chapter shall notify each of the taxpayer's employees of the amount included in the employee's state adjusted gross income (as defined in IC 6-3-1-3.5(a)) under subsection (a) at the same time the taxpayer provides the employee with the employee's W-2 federal income tax withholding statement for the taxable year.

SECTION 5. IC 20-12-6-1.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.2. (a) In addition to the powers set forth in section 1 of this chapter, the corporations may:

- (1) acquire, erect, construct, reconstruct, improve, rehabilitate, remodel, repair, complete, extend, enlarge, furnish, and operate any equipment that the governing boards of the corporations consider necessary for:

- (A) carrying on the educational research or public service programs or discharging the statutory responsibilities of the educational institutions and their various divisions; or
- (B) the management, operation, or servicing of the institutions; and

- (2) establish liability or other loss insurance reserves or contribute those reserves or other capital to a risk retention group for the purpose of providing insurance coverage against liability claims.

(b) As used in this chapter:

- (1) "building facility" includes:

- (A) capital equipment;
- (B) software; and
- (C) other costs;

that directly relate to operating the building facility, as determined under accounting principles approved by the state board of accounts.

- (2) "liability or other loss insurance reserves" means a fund set

C
O
P
Y



aside as a reserve to cover risk retained by the corporation in connection with liability claims or other losses;

(3) "risk retention group" means a trust, pool, corporation, partnership, or joint venture funded by and owned and operated for the benefit of more than one (1) eligible member;

(4) "eligible members" includes the corporations and all private institutions of higher education (as defined in IC 20-12-63-3); and

(5) "liability" means legal liability for damages (including costs of defense, legal costs and fees, and other claims expenses) because of injuries to other persons or entities, damage to their property or business, or other damage or loss to those persons or entities resulting from or arising out of any activity of any eligible member.

SECTION 6. IC 20-12-6-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) Subject to ~~section~~ **sections 16 and 17** of this chapter, bonds may be issued in an amount or amounts that do not exceed the maximum amount determined by the governing board of the issuing corporation.

(b) The bonds may be issued in the form and upon the terms and conditions, at the rate or rates of interest, and in the denominations which may be made convertible into different denominations as the governing board of the corporation may determine by the adoption of a resolution or approval of a form of trust indenture between the corporation and a designated corporate trustee, or both.

(c) The resolution or the indenture may include provisions for:

(1) protecting and enforcing the rights and remedies of the holders of the bonds being issued;

(2) covenants setting forth the duties of the corporation and its officers in relation to the acquisition, construction, operation, maintenance, use, and abandonment of the building facility, and insurance thereof;

(3) the custody, safeguarding, application, and investment of all money;

(4) the rights and remedies of the trustee and the holders of the bonds being issued;

(5) the issuance of additional bonds as provided in the resolution or indenture; and

(6) other terms, conditions, and covenants as the governing board of the corporation determines are proper, including provision for the establishment of a debt service reserve by:

(A) the use of bond proceeds or other sources;

(B) the furnishing of an insurance policy, surety bond, or letter

C
O
P
Y



of credit; or

(C) any combination of clause (A) or (B).

(d) The bonds shall be sold at public or negotiated sale as provided by IC 4-1-5.

(e) All bonds and the interest coupons appertaining to the bonds issued under this chapter shall be negotiable instruments within the meaning and for all purposes under the laws of this state, subject only to the provisions of the bonds for registration as to principal or as to principal and interest. Any bonds registered as to principal and interest may be made convertible to bearer bonds with coupons.

(f) No action to contest the validity of any bonds issued under this chapter shall be brought after the fifteenth day following:

(1) the first publication of notice of the sale or intent to sell the bonds under IC 4-1-5, if the bonds are sold at public sale; or

(2) the publication one (1) time in newspapers described in IC 4-1-5-1 of notice of execution and delivery of the contract of sale for the bonds, if the bonds are sold at negotiated sale.

(g) The corporation shall publish notice under subsection (f)(2) if it sells bonds at negotiated sale within thirty (30) days of execution of the contract of sale for the bonds.

(h) The rate or rates of interest of the bonds may be fixed or variable. Variable rates shall be determined in the manner and in accordance with the procedures set forth in the resolution or indenture authorizing the issuance of the bonds. Bonds bearing a variable rate of interest may be converted to bonds bearing a fixed rate or rates of interest to the extent and in the manner set forth in the resolution or indenture pursuant to which the bonds are issued. The interest may be payable semiannually, annually, or at any other interval or intervals as may be provided in the resolution or indenture, or the interest may be compounded and paid at maturity or at any other times as specified in the resolution or indenture.

(i) The bonds may be made subject, at the option of the holders, to mandatory redemption by the corporation at the times and under the circumstances set forth in the authorizing resolution or indenture.

(j) A resolution or the indenture may contain provisions regarding the investment of money, sale, exchange, or disposal of property and the manner of authorizing and making payments, notwithstanding IC 5-13 or any general statute relating to these matters.

SECTION 7. IC 20-12-6-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. The term "bond" or "bonds" as used in this chapter means any bonds (including refunding bonds), notes, temporary, interim, or permanent certificates

C
O
P
Y



of indebtedness, debentures, or other obligations evidencing indebtedness for borrowed money. **The term does not include installment contracts or similar instruments under section 2 of this chapter.**

SECTION 8. IC 20-12-6-16, AS AMENDED BY P.L.235-2005, SECTION 195, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 16. (a) No bonds shall be issued by the corporations under the provisions of this chapter without the specific approval of:

(1) the budget agency if the bonds are issued for the refunding or advance refunding of any outstanding bonds approved as required by this chapter and the corporation makes the findings described in subsection (b); and

(2) the state budget committee, budget agency, and the governor of the state of Indiana, if subdivision (1) does not apply.

The budget agency may request and consider the recommendation of the staff of the Indiana finance authority with respect to the approval of a bond issue under this section.

(b) A corporation may provide for refunding or advance refunding of any outstanding bonds under subsection (a)(1) whenever the board of trustees of the corporation finds that the refunding or advance refunding will effect a benefit to the corporation because:

(1) a net savings to the corporation will be effected; or

(2) the net present value of principal and interest payments on the bonds is less than the net present value of the principal and interest payments on the outstanding bonds to be refunded.

SECTION 9. IC 20-12-6-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Except for notes issued under section 8.5 of this chapter and except as provided in subsections ~~(d)~~ and (e) **through (i)**, no bonds shall be issued for a project by the corporations under this chapter unless the general assembly:

(1) has specifically approved the project to be financed through the issuance and sale of these bonds; and

(2) has provided the amount of bonds which may be issued to fund the costs of acquiring, constructing, remodeling, renovating, furnishing, or equipping the specific project approved.

(b) In addition to and in connection with the amount of bonds that may be issued by a corporation for a specific project as provided in subsection (a)(2), the corporations may also issue bonds in amounts

C
o
p
y



necessary to provide funds for debt service reserves, bond or reserve insurance, and other costs without additional approval by the general assembly, if these costs are incidental to the issuance of bonds for the project.

(c) The bonds, regardless of when the amount of bonds was approved by the general assembly, may be issued in an amount not exceeding:

- (1) the amount of bonds approved by the general assembly together with the amounts described in subsection (b); plus
- (2) the amount of the discount below par value, if bonds are sold at a price below par value under IC 4-1-5-1.

(d) As used in this subsection, "fee replacement" means payments to a corporation to be used to pay indebtedness resulting from financing the cost of planning, purchasing, rehabilitation, construction, repair, leasing, lease-purchasing, or otherwise acquiring land, buildings, facilities, and equipment to be used for academic and instructional purposes. A power granted under this section to issue bonds without the specific approval of the general assembly shall not be construed to permit the issuance of the bonds without the specific approvals required under section 16 of this chapter. Bonds issued without the specific approval of the general assembly are eligible for fee replacement only to the extent expressly authorized by a law enacted after the issuance of the bonds.

~~(d)~~ **(e) Bonds may be issued by a corporation for equipment, software, and other costs described in section 1.2(b)(1) of this chapter without the approval of the general assembly if, after the issuance, the total amount of outstanding bonds issued by the corporation for those purposes without approval will not exceed one ten million dollars (\$1,000,000). However, the bonds must be approved as provided in section 16 of this chapter. (\$10,000,000).**

~~(e)~~ **(f) Bonds may be issued by a corporation without the approval of the general assembly to finance a qualified energy savings project (as defined in IC 20-12-5.5) if (1) annual operating savings to a the corporation arising from the implementation of a qualified energy savings project are reasonably expected to be at least equal to annual debt service requirements on bonds issued for this purpose in each fiscal year. and (2) However, the amount of bonds that may be issued by each outstanding for the corporation at any time for qualified energy savings projects, other than refunding bonds and exclusive of costs described in subsections (b) and (c), does may not exceed ten twenty million dollars (\$10,000,000). (\$20,000,000).**

C
o
p
y



(g) Bonds may be issued by the trustees of Purdue University without the approval of the general assembly for deferred expenditures, as determined under accounting principles approved by the state board of accounts, to:

- (1) repair, rehabilitate, remodel, renovate, or reconstruct existing facilities or buildings;
- (2) improve or replace utilities or fixed equipment; or
- (3) perform related site improvement work.

However, the total amount of bonds issued for the corporation under this subsection without the approval of the general assembly, other than refunding bonds and exclusive of costs described in subsections (b) and (c), may not exceed sixty million dollars (\$60,000,000).

(h) Bonds may be issued by a corporation without the approval of the general assembly for technology expenditures, including:

- (1) computing, telecommunications, hardware, software, networking, and supporting equipment; and
- (2) related expenditures such as installation and other similar capitalizable costs.

(i) Bonds may be issued by a corporation without the approval of the general assembly to finance the purchase or lease-purchase of land or the construction of facilities or buildings if all of the following apply:

- (1) The corporation has received written contractual and legally binding commitments for gifts, grants, or reimbursements that in total are sufficient to repay the bonds.
- (2) Other available funds of the corporation are sufficient to make interest payments in the bonds until the gifts, grants, or reimbursements mature and the bonds are repaid.
- (3) The gifts, grants, or reimbursements are payable under the terms of the agreements on specific dates and are not contingent on the donor's life expectancy.
- (4) The gifts, grants, or reimbursements must be payable to the corporation in the form of cash or cash equivalents.
- (5) The gifts, grants, or reimbursements are not subject to any condition that would prevent the corporation from using the gifts, grants, or reimbursements to repay bonds issued under this subsection or to repay the corporation for any interest payments made by the corporation.

SECTION 10. IC 20-12-7-7, AS AMENDED BY P.L.235-2005, SECTION 196, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) No bonds shall be issued

C
O
P
Y



by the respective trustees under the provisions of this chapter without the specific approval of:

- (1) the budget agency if the bonds are issued for the refunding or advance refunding of any outstanding bonds approved as required by this chapter and the institution makes the findings described in subsection (b); and**
- (2) the budget committee, budget agency, and the governor, if subdivision (1) does not apply.**

The budget agency may request and consider the recommendation of the staff of the Indiana finance authority with respect to the approval of a bond issue under this section.

(b) An institution may provide for refunding or advance refunding of any outstanding bonds under subsection (a)(1) whenever the board of trustees of the institution finds that the refunding or advance refunding will effect a benefit to the institution because:

- (1) a net savings to the institution will be effected; or**
- (2) the net present value of principal and interest payments on the bonds is less than the net present value of the principal and interest payments on the outstanding bonds to be refunded.**

SECTION 11. IC 20-12-8-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The trustees of Indiana University, the trustees of Purdue University, Indiana State University board of trustees, the University of Southern Indiana board of trustees, and the Ball State University board of trustees are authorized and empowered, from time to time, if the governing boards of these corporations find that a necessity exists, to erect, construct, reconstruct, extend, remodel, improve, complete, equip, furnish, operate, control, and manage:

- (1) dormitories and other housing facilities for single and married students and school personnel;
- (2) food service facilities;
- (3) student infirmaries and other health service facilities including revenue-producing hospital facilities serving the general public, together with parking facilities and other appurtenances in connection with any of the foregoing; **or**
- (4) parking facilities in connection with academic facilities; **or**
- (5) medical research; facilities associated with a school of medicine; if the facilities will generate revenue from state, federal, local, or private gifts, grants, contractual payments, or reimbursements in an amount that is reasonably expected to at

C
o
p
y



least equal the annual debt service requirements of the bonds for the facility for each fiscal year that the bonds are outstanding; at or in connection with Indiana University, Purdue University, Indiana State University, the University of Southern Indiana, and Ball State University, for the purposes of the respective institutions. ~~These~~

(b) The trustees of Indiana University and the trustees of Purdue University may, from time to time, if the governing boards of these corporations find that a necessity exists, erect, construct, reconstruct, extend, remodel, improve, complete, equip, furnish, operate, control, and manage facilities used for clinical, medical, scientific, engineering, or other similar qualitative, quantitative, or experimental research, if revenue from state, federal, local, or private gifts, grants, contractual payments, or reimbursements is available in an amount that is reasonably expected to at least equal the annual debt service requirements of the bonds for the facility for each fiscal year that the bonds are outstanding at or in connection with any of the following campuses of Indiana University or Purdue University:

(1) Purdue University-West Lafayette Campus.

(2) Indiana University-Purdue University at Indianapolis (IUPUI).

(3) Indiana University-Bloomington Campus.

(c) The corporations described in subsection (a) or (b) are also authorized and empowered to acquire, by purchase, lease, condemnation, gift or otherwise, any property, real or personal, that in the judgment of these corporations is necessary for the purposes set forth in this section. The corporations may improve and use any property acquired for the purposes set forth in this section.

~~(b)~~ **(d) Title to all property so acquired, including the improvements located on the property, shall be taken and held by and in the name of the corporations. If the governing board of any of these corporations determines that real estate, the title to which is in the name of the state, for the use and benefit of the corporation or institution under its control, is reasonably required for any of the purposes set forth in this section, the real estate may, upon request in writing of the governing board of the corporation to the governor of the state and upon the approval of the governor, be conveyed by deed from the state to the corporation. The governor shall be authorized to execute and deliver the deed in the name of the state, signed on behalf of the state by the governor, attested by the auditor of state and with the seal of the state affixed to the deed.**

SECTION 12. IC 20-12-8-7, AS AMENDED BY P.L.235-2005,

HB 1029—LS 6289/DI 92+



**C
O
P
Y**

SECTION 197, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. **(a)** No bonds shall be issued by the corporations under the provisions of this chapter without the specific approval of:

- (1) the budget agency if the bonds are issued for the refunding or advance refunding of any outstanding bonds approved as required by this chapter and the corporation makes the findings described in subsection (b); and**
- (2) the budget committee, budget agency, and the governor, if subdivision (1) does not apply.**

The budget agency may request and consider the recommendation of the staff of the Indiana finance authority with respect to the approval of a bond issue under this section.

(b) A corporation may provide for refunding or advance refunding of any outstanding bonds under subsection (a)(1) whenever the board of trustees of the corporation finds that the refunding or advance refunding will effect a benefit to the corporation because:

- (1) a net savings to the corporation will be effected; or**
- (2) the net present value of principal and interest payments on the bonds is less than the net present value of the principal and interest payments on the outstanding bonds to be refunded."**

Page 1, after line 17, begin a new paragraph and insert:

"SECTION 22. [EFFECTIVE JANUARY 1, 2007] (a) IC 6-3-1-3.5, as amended by this act, applies only to taxable years beginning after December 31, 2006.

(b) IC 6-3.1-31, as added by this act, applies only to taxable years beginning after December 31, 2006.

SECTION 23. [EFFECTIVE JULY 1, 2006] The trustees of Indiana State University may issue and sell bonds under IC 20-12-6, subject to the approvals required by IC 20-12-5.5, for the purpose of constructing, furnishing, and equipping the Student Recreation Center Project, if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed twenty-four million dollars (\$24,000,000). The project is not eligible for fee replacement.

**C
o
p
y**



SECTION 24. **An emergency is declared for this act."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1029 as introduced.)

ESPICH, Chair

Committee Vote: yeas 22, nays 0.

**C
o
p
y**

